Fiscal Year 2026-2027 Town Budget Proposal

Public Hearing – April 29, 2026

Town of Colchester, CT

FY 2026-2027 Budget Presentation

1. Balancing Priorities: Stability & Safety, Sustainability, and Affordability
2. Budget Environment and History
3. Budget Overview and Drivers
4. Department Highlights
5. Capital Planning: Colchester 2026 and Beyond
6. Town Revenues & Cost of Services to Taxpayers

Balancing Budget Priorities

Maintaining stability and safety

- Adequately fund continued maintenance of buildings, grounds, etc (ex: Fire HQ, library, athletic fields, Town Green etc)
- Accurately and transparently budget for known costs
- Avoid disruptions to services residents rely on or that we are required to provide – from public safety operations to administering elections and providing critical services to residents in-need of all ages

Sustainable operations

- Prevent fiscal cliffs that set us up for future failure
- Prevent escalating costs caused by deferred maintenance
    - Perform necessary road maintenance to avoid deterioration (ex: crack sealing, repaving, etc)
    - Maintenance to keep facilities safe and usable - including RecPlex
- Planning for the future
    - Fund infrastructure necessary for future economic growth

Balancing Budget Priorities

Affordability for residents and businesses: Keeping Colchester competitive

- **Significantly increased healthcare costs for employers is a major driver on Town-side in 2026**
  - **Underfunding of healthcare on BOE-side will create economic pressure this year that impacts Town budget**
- **Keep Colchester from going backwards — limit deferring necessary expenses**
- **Continued focus on operational side of budget**
  - **Capital budget – Focus on completion of existing approved projects — no new capital requests for FY 26-27**
- **Responsibly reduce contributions to certain reserves for FY 26-27**
- **Utilize non-budgetary new special revenue (ex: cannabis tax) when possible**
- **Provide valuable Town services at a rate residents can afford**

Recent Budgetary History:
Fighting the Tide of Inflation

Just like costs in our homes, the costs of running public services has increased since 2020

Increased costs for essential services like plowing, road maintenance, fire/EMS service, police service, and maintenance of buildings like the library, senior center, and RecPlex grounds

- **FY21-22: $15,704,962**
  - **Town exceeded its budget in FY21-22 - required supplemental appropriation to balance**
- **FY22-23: $15,622,901**
  - **Town balanced budget by deferring paving**
  - **Unable to bond due to overdue audit - left surplus in debt service**
- **FY23-24: $15,660,140**
  - **Budget freeze implemented in January 2024 to avoid exceeding budget**
  - **Deficits across fixed line items included underfunding of pension contributions, FICA, 401a contributions, service contracts, and municipal insurance**
- **FY24-25: $17,102,056**
  - **Significant increase to combat previous three years of compounding inflation and funding shortfalls**
  - **First post-COVID inflation union contracts go into effect**
- **FY25-26: 18,086,798**
  - **Increase in healthcare costs and utility costs become major drivers of Town budget**
  - **Year two of post-COVID union contracts**

Building and Maintaining Financial Stability

Where we were...

- FY21-22: $15,704,962
  - Town exceeded its budget in FY21-22 - required supplemental appropriation to balance
- FY22-23: $15,622,901
  - Town balanced budget by deferring paving
  - Unable to bond due to overdue audits, making interest only payments
- FY23-24: $15,660,140
  - Town health insurance fund in deficit over $700,000 as of November 2023
  - Deficits across fixed line items included underfunding of pension contributions, FICA, 401a contributions, service contracts, and municipal insurance

January 2024:

- Town Finance restructuring begins
- Budget freeze implemented
- Overdue town health insurance payments contributed

September 2024:

- 2023 audit report completed
- AA+ bond rating secured

October 2024:

- Permanent financing completed for Senior Center/Fire Apparatus — $1.2 million bond premium received
- WJJMS state audit completed — $3.5 million note paid, additional $700,000 reimbursement received

February 2025:

- Permanent Town Finance Director hired

April 2025:

- 2024 audit report completed – unassigned fund balance growing, recommendations on internal controls
- Town health insurance fund goes positive

July 2025:

- Efficiency measures go into effect — Water/Sewer Tax Dept. Consolidation, cannabis tax revenue offset, regional animal control service through Montville, shared VOIP telephone service for all town buildings
- $500,000 from unassigned fund balance used to lower taxes

March 2026:

- 2024 audit report released with no Town findings — Unassigned Fund Balance still at highest level

April 2026

- Town portion of health insurance fund covering Board of Education claims temporarily – BOE will reimburse fund

Focus on Safety and Stability

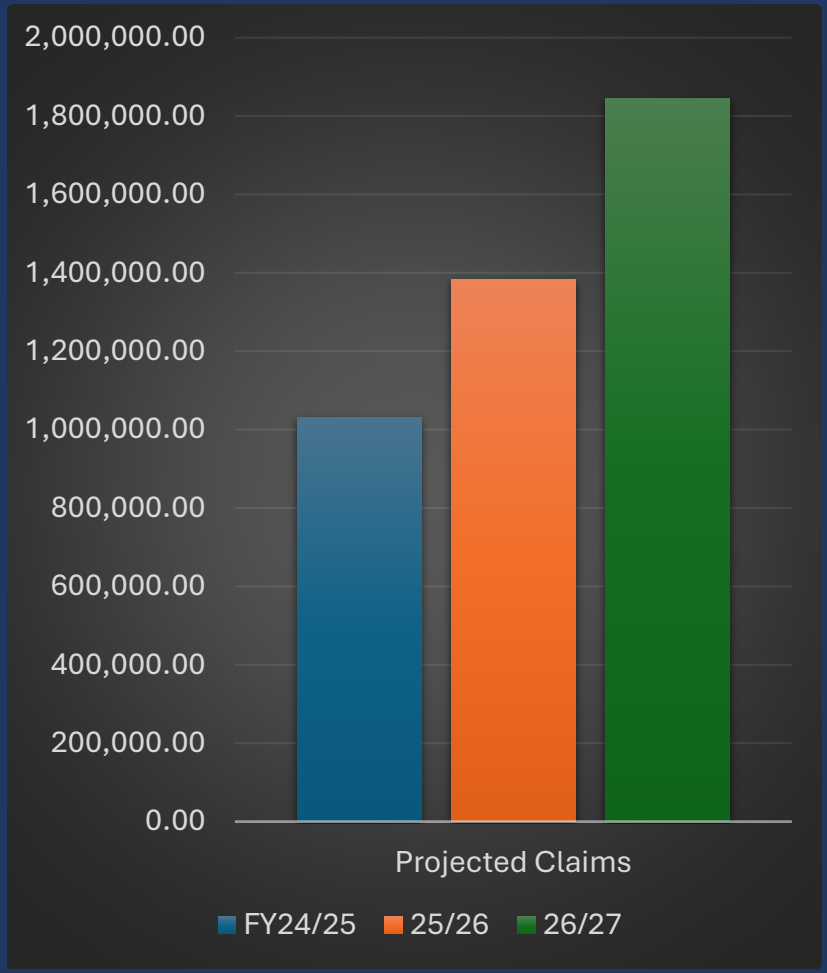
- **No new non-public safety positions**
  - Final required firefighter position for equalized staffing, effective January 1, 2027 – per BOF plan in 2025
  - Police traffic officer funding offset by retirements and DOJ Cops grant
- Budget Survey Top 3 Priorities Ranked
  - #1: Schools/BOE
  - #2: Fire/Police/EMS
  - #3: Public Works (Roads/Building Maintenance)
- Maintain existing plans without new initiatives
- Maintain new efficiency operations implemented in FY25/26
- Continue to utilize non-budgetary funds to deliver services without creating fiscal cliffs

Budget Drivers - Overview

- Wages: +$562,274
  - Increase driven by contractually obligated increases
  - Public Works is in year three of a four-year phase-in wage adjustment contract
    - Bringing positions to market rate due to years of chronic turnover
  - Includes funding to complete firefighter staffing plan as discussed in FY25/26 budget process
- Employee benefits: +$547,158
  - Vast majority of increase driven by cost of health insurance/projected claims
  - FICA/Retirement benefits also increase as wages rise
- Contractual services: +$168,877
  - Ex: Information Technology Management Contract, Transfer Station hauling fees, Chatham Health District, State Police Contracts
- Debt Service: +$85,000
  - Athletic Complex and Bacon Academy Roof projects approved, part of cost share with BOE
- Cost of supplies: +$68,031
  - Ex: increase in cost of road salt
- Increased utility costs: +$32,179

Total proposed budget: $19,521,660

Increase: $1,435,900 for FY25-26 vs FY25-26 (7.93%)



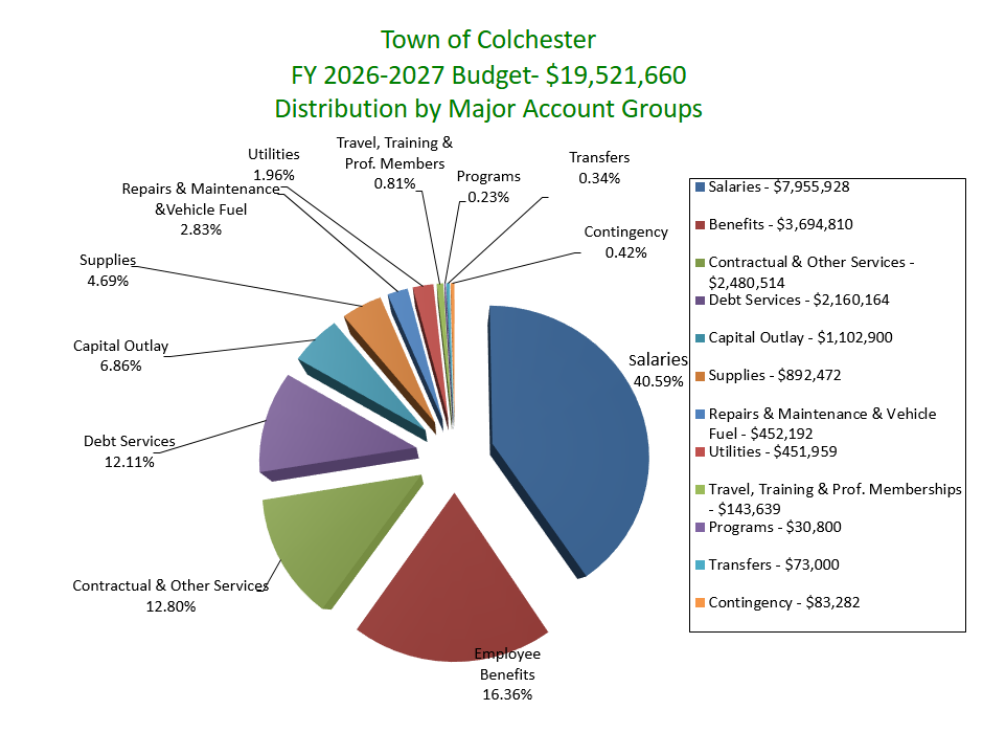
Budget Driver: Rising Health Care Costs

- The Town of Colchester is self-insured
  - Town pays all claims directly from a Health Insurance Fund (AKA Health Reserve) shared with Board of Education
  - Town has secondary "stop loss" insurance to reimburse when a single claimant goes over $125,000 in a fiscal year
  - Town-side making net positive contributions to health insurance fund over last several— expect to break even for FY25/26
- 100% of projected claims estimates — using estimates provided by insurance broker
  - FY25-26: $1,384,281
  - FY 26-27: $1,845,288
  - Difference: +$461,007

By budgeting appropriately, town insurance fund went from deficit of -$700,0000 in November 2023 to positive balance of $260,000 as of March 2025

Budget Driver #2: Wages & Employee FICA/Retirement Benefits

- Wages and FICA/Employee retirement contributions rise together
  - Wages: +$562,274
  - FICA/Retirement: +$81,151
  - Firefighter position from FY25/26 fully funded
    - Funded only for six months in FY25/26
  - Final firefighter position (recommended by BOF in FY25/26 budget process) funded effective Jan. 1, 2027



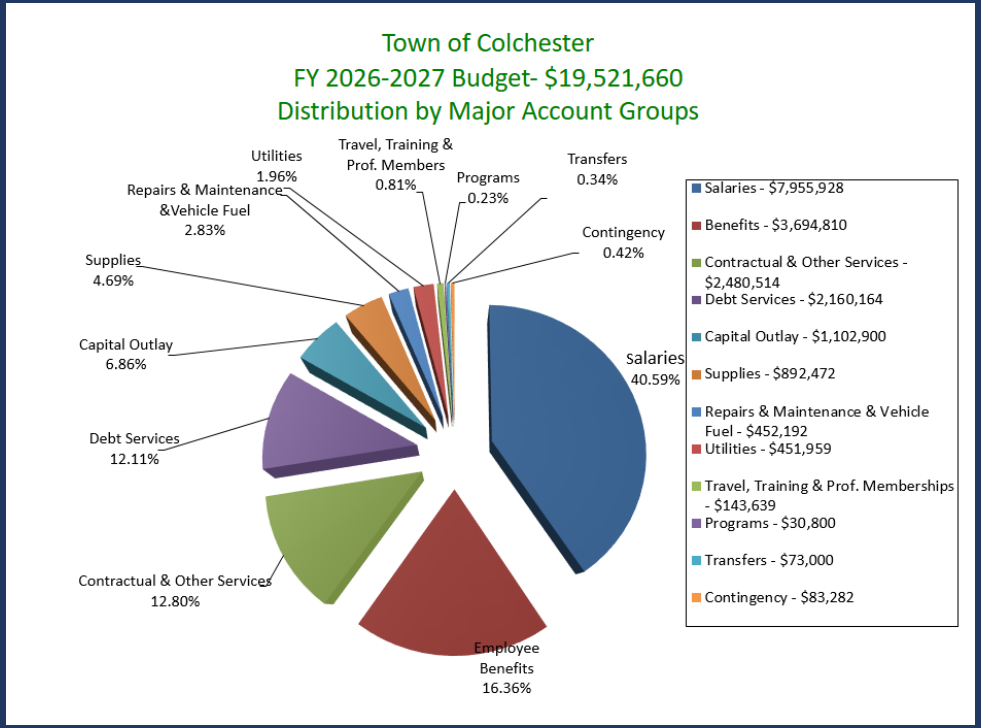
Wages and Labor Environment

National wage growth (all non-farm payroll) year-over-year

- January 2022: +5.7%
- January 2023: +4.6
- January 2024: +4.5%
- January 2025: +4.1%
- December 2025: +3.4%

- From 2021-2023, four-year labor contracts kept wages locked in average 2.5% growth – far below state and national averages
  - Colchester faced a staffing turnover "tsunami" (as described by HR Director) and hiring struggles due to historically non-competitive wages
- Contracts negotiated in 2023 and 2024 reflect this changed labor environment
  - Wage restructuring primarily affected FY24/25 budget – except in Public Works (phased over four years)
- COLA increase for FY25/26: 3% average

Colchester average below national averages for wage growth overall



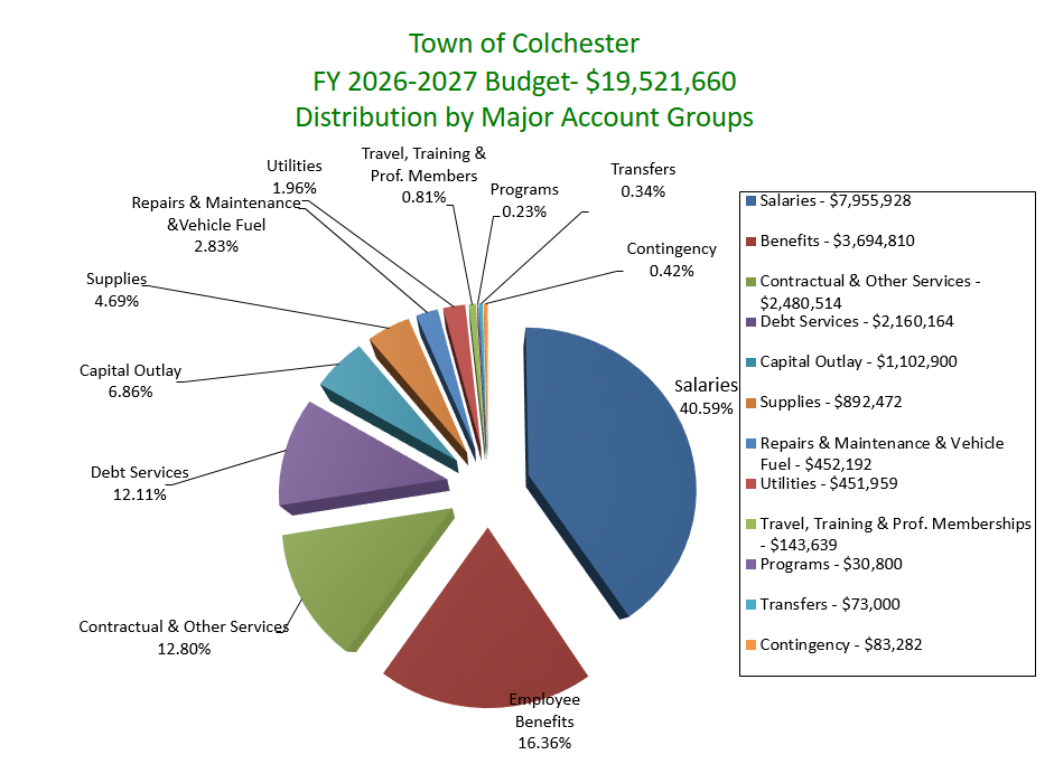
Wages make up about 41% of budget
Benefits make up about 17.5%
Total percent of Town Budget: 58%

Wages and Labor Environment

National wage growth year-over-year: 3.4% increase from December 2024 to December 2025 (Bureau of Labor Statistics)

- **The Town of Colchester has six labor unions: Administrators, TH Clerical, Library (under negotiation), Public Works, Firefighters, and Police**
- **All contracts currently in place were negotiated in 2023 and 2024 when average national wage growth was between 4-5%**
  - **Average YOY increase: 3%**

Wage restructurings have been effective: Colchester has been operating at full/consistent staffing levels



Wages make up about 40.5% of budget
Benefits make up about 16.4%
Total percent of Town Budget: 56.9%

Wages and Labor Environment

Firefighters Union (2023-2027) – Negotiated Summer/Fall 2023

- **3% COLA**

Public Works (2024-2028) – Negotiated Fall 2023

- **Year 2 of 4 for wage restructuring phase-in**

Administrators Union (2024-2028) – Negotiated Winter 2023

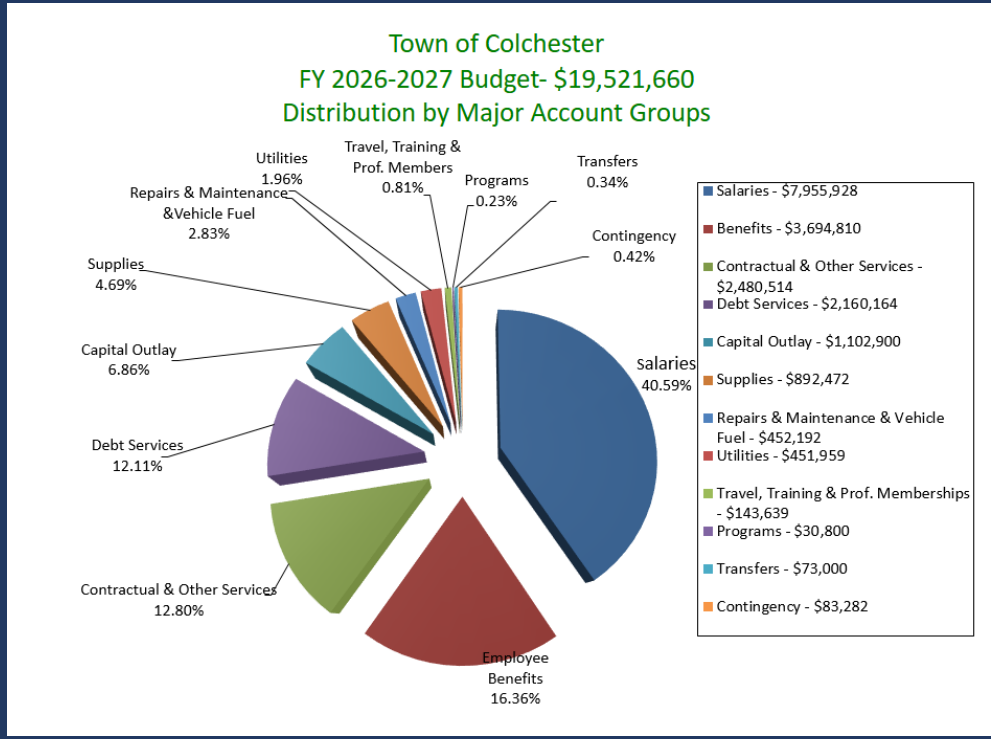
- **3% COLA**

Clerical Union (2024-2028) – Negotiated Winter 23/24

- **3% COLA**

Police Union (2024-2028) – Negotiated Spring/Summer 2024

- **3% COLA**
- **Library Union (2023-2026) – Currently in negotiation**



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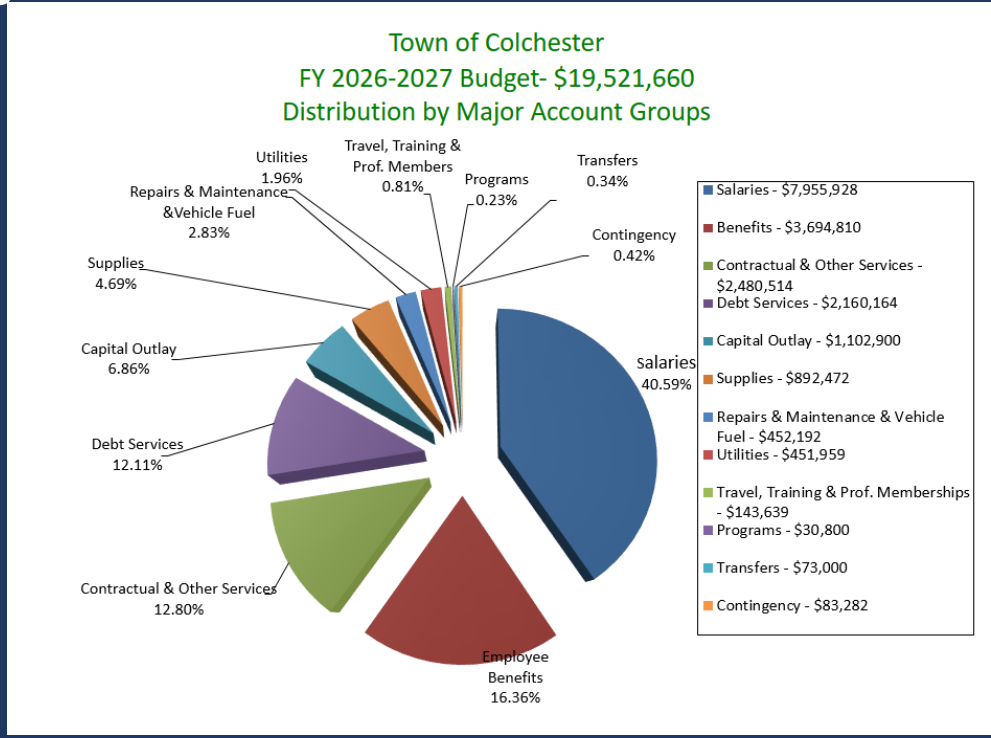
Total percent of Town Budget: 56.9%

Budget Driver #3: General Inflation – Electricity, Private Contractual Services, Etc.

- Increased utility costs across Town buildings
  - +$32,179
- Transfer Station
  - Hauling fees for Casella: +$71,550
- Snow
  - Two serious winters in a row, costs of supplies increasing
  - Projected sand and salt increase for FY26/27: +$74,780
- Regional Health District
  - Contract renewal at 2.4%: +$6,269



Contractual services represent about 12% of budget
Supplies represent about 5%
Utilities represent about 2%

Department Highlight: Public Works

Continued Support for Highway and Fleet

In previous years, Public Works fell behind in several areas including road maintenance, crack sealing, street sweeping, roadside mowing, etc due to poor employee retention, understaffing, and loss of budget resources

In FY24-25 Budget...

Added new maintainer in highway	First year of a new Public Works contract negotiated in 2023	Contract phased in wage adjustments over four years – necessary due to poor employee retainage

Improved staffing retention and resource allocation led to improved outcomes in FY24-25

Repainted 25 miles of road center lines	Regraded 9 miles of dirt roads	Rubberized chip seal on 6.5 miles of road, mill/pave 2.7 miles	Completed Town-wide street sweeping and roadside mowing

FY25-26 Consistent staffing, resources, and more experienced crews...

Repainted 35 miles of road center lines	Regraded all dirt roads	Rubberized chip seal on 6.8 miles of road, mill/pave 2.5 miles	Completed Town-wide street sweeping and roadside mowing	Addressed additional needs including: bridge repairs, culvert repairs, drainage improvements, and more

COLCHESTER

PROSPECT
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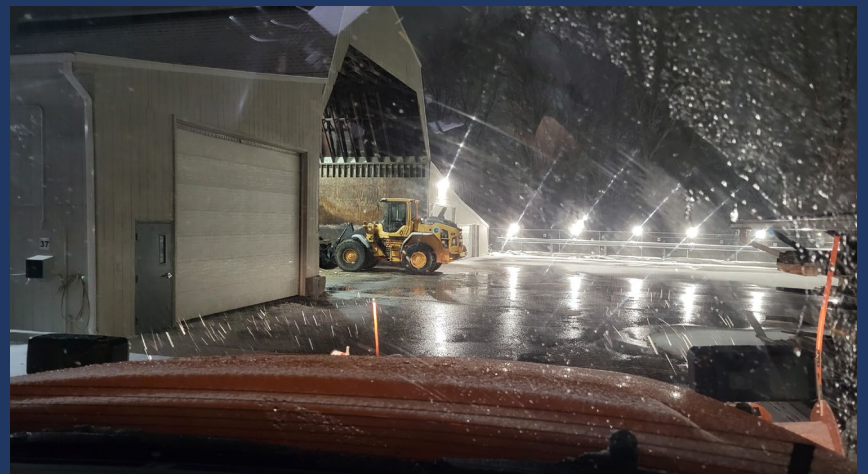
CAT



Department Highlight: Public Works

Continued Support for Public Works

- Public Works and Public Safety are the primary functions of the Town government
- Residents depend on ongoing maintenance of town roads, proactive treatment of roads in winter, timely response to blocked roads in storms, etc
- Contractual payroll increases in year three of CBA:
  - Admin: +$2,644
  - Highway: +$55,791
  - Fleet: +$16,201
  - Transfer Station: +$14,026
  - Grounds: $32,471
  - Facilities: $4,734
- Other increased costs
  - Traffic Control and Street Lights (Electricity): +$26,019
  - Transfer Station hauling fees: +$71,550

Department Highlight:
Public Works
Continued Support for Grounds Maintenance

- In FY 24/25 – BOF addressed longstanding maintenance issues for grass management and others
  - Three new part-time employees to cover man-hours for RecPlex and school fields ($53K)
  - New service contracts for treatment of fields ($16k)
  - Materials increase for sand top-dressing, seeding materials, etc ($91K)
  - Equipment rental for top-dressing, biostimulus sprayer ($5k)
- Programs were successful at improving maintenance at RecPlex and other grounds
- FY 25/26 – first full year with grass maintenance program and seasonal workers
  - New natural turf growing in successfully
  - Improved maintenance at Town Green, walking paths and open space parks, downtown streetscapes
  - Sablitz Preserve trails opened

FY26/27 Request: No new initiatives or positions – maintain funding level to focus on continued implementation of successful programs started in FY24/25 and continued in FY25/26

R1 – Before (Spring 2024)

Field primarily weeds and clover

R1 – After (Fall 2025)

Natural grass turf grown in thanks to 2024 and 2025 maintenance program

April 2025

Start of Season
First spring for new program

May 2025

Mid-season
Following first spring of new program

Department Highlight: Fire & Emergency Medical Service

- Combination department — relying on full-time paid staff and volunteers
  - Paid staff work rotating shifts
- 2489 calls in 2025 — average 6.8 calls for service per day
  - 735 fire-related responses — average 2 per day
  - 1754 EMS-related responses — average 4.8 per day
  - 22% increase in calls since 2015
  - Total personnel hours (calls/emergencies): 9,973
  - Total training/drill hours (5,795)

- September 2023 Town-UPFFA Contract sets goal of minimum staffing of three officers per shift
- In FY24/25 – two shifts were operating below minimum staffing goal
  - FY25/26: BOF funded 1 position at 50% for hire effective Jan. 1, 2026; committed to bringing final position forward in FY26/27 budget

Department Highlight: Fire & Emergency Medical Service

- FY26/27 proposal: Fully fund position from Jan, 1, 2026; hire final position Jan. 1, 2027
  - Payroll: +$97,056
  - FICA/Retirement: +$16,586
- Colchester Fire & EMS Annual Estimated Revenue (Ambulance Billing): $660,000

Department Highlight: Colchester Police

- Total calls for service in Colchester 2025: 9013
  - 2,543 traffic stops
  - 242 accidents
  - 391 reportable criminal investigations
  - 140 arrests
  - 36 DWIs
- Among first Resident State Trooper towns to become Tier 3 Accredited
- Received DOJ COPS Grant in FY25/26 to increase staffing level — grant timed with upcoming retirements to allow cost-effective growth
  - DOJ Grant Funded position hired January 2026
- Partnered with UCONN T2 Center for free “Your Speed” feedback signs, placed at strategic locations around Town
  - Data shows reduction in speed on roads with feedback sign (Ex: Route 16, 354, Cabin Road)
- Received and administered Rural Roads/DUI enforcement grants
- Special Duty Revenue from private assignments (ex: Eversource projects) covering police vehicle replacement costs

Department Highlight: Colchester Police

- FY26/27 – Must replace two retiring corporals
- New hire, effective January 1, 2027
  - Costs offset by DOJ COPS grant
- Payroll: +$35,225
- FICA/Retirement: +$37,694
- Resident Trooper Contract with State of CT: +$15,702

Goal: Dedicate one officer as full-time traffic officer to address speed enforcement and traffic concerns

Colchester Fire & EMS- Colchester Police *Community Services Beyond the Call*

- Colchester Fire/EMS and Colchester Police provide community services beyond just 911 responses…
- Support for Town sponsored events such as…
  - Memorial Day Parade
  - National Night Out
  - Trunk or Treat
  - Holiday Homecoming/Santa Visit
  - Airline Trail Ghost Run
- Free quarterly CPR classes for public
- Juvenile Review Board case management with Youth Services
- Pistol Permit processing
- Prescription Drug Drop-Box Collection
- Mock crash awareness event for Bacon Academy students
- Safety and emergency response training for Town employees

COLCHESTER

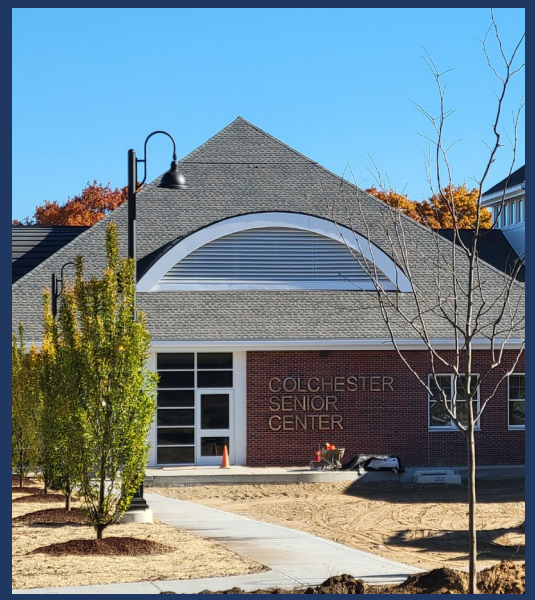
COLCHESTER
POLICE
TOWN OF COLCHESTER
CONNECTICUT
POLICE DEPARTMENT

COLCHESTER

EXIT

Department Highlight: Senior Center

- Senior Center opened December 2024
- FY25/26 was first year budgeting for new building, initial budget developed with two months of usage data
- On-site meals served:
  - 2024: 4,765
  - 2025: 7,202
- Membership total
  - 2024: 2,046
  - 2025: 2,707
- ‘Wellness Nights’ (Tuesday and Thursday Nights open to 8PM)
  - Funded 100% from cannabis tax revenue
- Fuel & Heating: +$5,100
- Electricity: -$10,450
- FY26/27 Request: $12,208 (combined) to raise wage for senior bus drivers to $21-22 per hour – currently $17-19



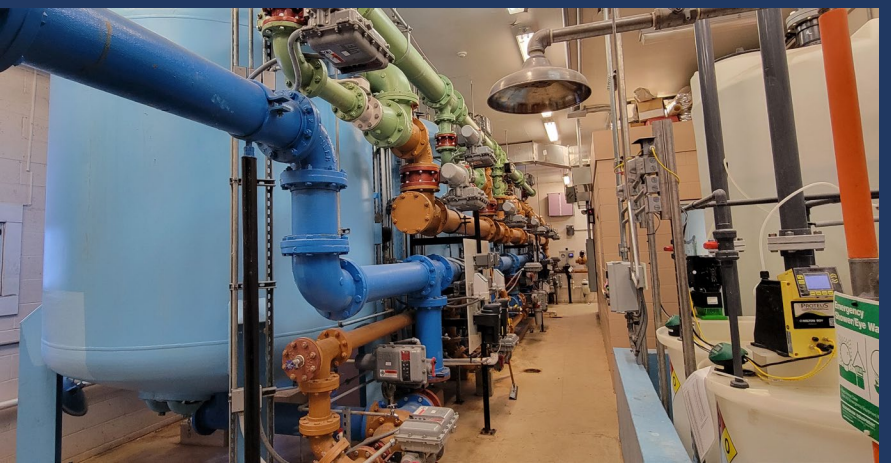
Department Highlight: Elections

- Registrar of Voters (one Republican, one Democrat) jointly administer elections and referenda and maintain voter records in compliance with state statutes
- Increasing state requirements, increasing number of hours worked to complete duties
  - Mandatory training
  - Early voting periods
  - New voter registration system
  - Number of registered voters increase (now ~13,000, up from 12,000
- Registrars paid stipend currently calculated at 10 hours per week, requested stipend be recalculated at 20 hours per week based on hours worked
  - Payroll: +$37,676

Data provided supports number of hours worked, compensation should be fair — positions must be filled and duties must be completed on schedule

Continuing Efficiency Operations, Savings, Special Revenues from FY25/26

- Consolidated Water and Sewer Collections with Tax Office:
  - **Savings: ~$33,000**
- Regional Animal Control Partnership with Montville:
  - In FY25/26, migrated to Montville for savings of about $5,000
  - Former provider raised rates for all clients effective July 1, 2026 of ~150%
  - **Estimated Savings: $35,000 for FY26/27**
- Cannabis Tax Revenue to Fund Youth Services programming:
  - **Savings: $20,700**
- Cannabis Tax Revenue to Fund Senior Center evening programming:
  - **Savings: $15,000**



Capital Planning and Maintenance

FY26/27: Completing Already-Funded Capital Projects

- **Youth Center Renovation (ARPA Funded)**
  - Renovation underway currently, anticipated reopening date – September 2026
  - Over $700,000 in structural and other repairs to 1800s historic building — will reduce future maintenance needs
- **Norton Park/Remediation of former Norton Paper Mill**
  - Environmental remediation of former mill site funded under DEEP/DECD grants worth over $1 million underway currently
- **Sewer/Water Infrastructure Improvements**
  - $3.1 million in improvements and repairs to Cabin Road filter vessels (underway), Highland Farms water tower, Elmwood Heights water tower, and PFAS engineering – estimated loan forgiveness under DWSRF - $780,000
- **Airline Trail/Lebanon Ave Trailhead (STEAP Project)**
  - Improvements to trailhead and sidewalk connections up to Mill Street funded via $1 million STEAP grant

Working with Tyche Planning Group on several grant opportunities seeking funding for future capital projects such as Norwich Ave sidewalk reconstruction, road reconstruction projects, former Senior Center renovation for Colchester Police/Veterans Hall, and Generator Replacement

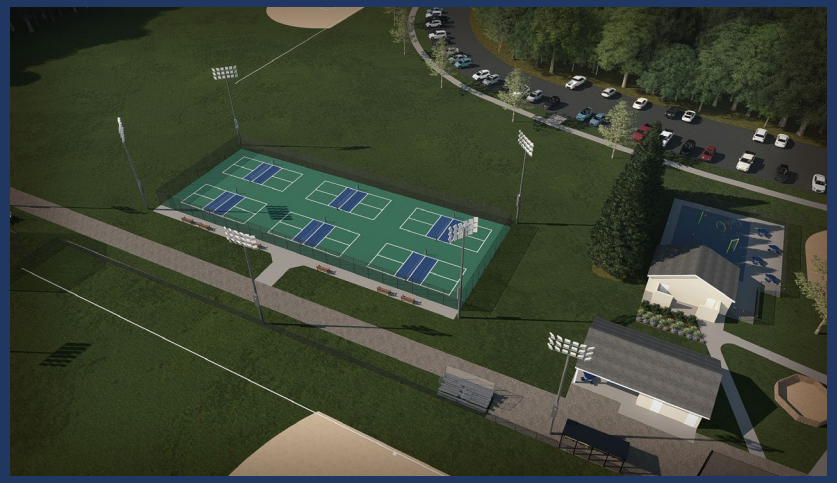
Capital Planning and Maintenance

Athletic Complex Renovation – Approved February 2026

- Improvements to Bacon Academy and Recreation Complex to begin Spring 2026
- Recreation Complex improvements will address tennis courts, pickleball courts, SplashPad, and concession stand — locations have required significant repairs funded by Buildings and Grounds reserve in recent years

Bacon Academy Roof Replacement – Approved February 2026

- Building Committee began meeting in March 2026
- Intend to pursue state funding for project to reduce costs to the town



Capital Planning and Maintenance

Reduce reserve contributions, hold funding flat for capital plans*

- Vehicle Improvement Plan Funded held at $361,000
- Road Improvement held at $540,000
  - Supplement with state TAR
- $75,000 in Facilities/Grounds Reserve
  - **Budget Reduction: $25,000**
- $25,000 for Equipment Reserve
  - **Budget Reduction: $25,000**
- Information Technology Equipment: $19,900 - funds purchases of computers, repairs, etc
- *Town Website Upgrade (Platform Expiring): $10,000 (New One-Time Expense for FY26/27)
- Open Space Preservation: $10,000

Saving for future known expenses

- Town-wide revaluation (every 10 years): $28,000
- Fire SCBA Replacement (every 15 years): $18,000
- Skatepark resurfacing/replacement – removed due to inadequate funding
  - **Budget Reduction: $2,500**

Department-Level Requests Not Funded FY 26/27

If all Department Level-requests were approved, the Town increase would exceed 15%...Items requested but not approved include...

- Beam Replacements at Fleet Garage ($250,000)
- Fleet Generator Replacement ($100,000)
- Senior Center Additional Staffing and Hours ($51,148)
- Road Improvement Budget Increase ($60,000)
- Tree Removal Budget Increase: ($20,000)

Additional Reductions: FY 26/27

Budget Development Process - First Selectman and Department Heads meet as group to review budget and find reductions together

- Fire Dept: Start New Hire January 1: $30,056
- Tree Removal Reduction: $20,000
  - Perform additional work if department surplus available at end of fiscal year
- Road line painting: $15,000
- Grounds Department Training Courses: $7,000
- Street signs, cones, batch basin tops: $7,000
- Land Use Admin Coverage: $6,000
- File Digitization: $5,000
- Youth Services Building Repairs: $4,000
- Brush Removal: $3,500
- Tax Office Postage: $2,000
- Numerous other reductions: between $100 and $5,000 across departments

Town Revenue: Economic Growth is Driving Revenue

- **Grand List: Increase of $610,0000**
- **Investment income: $1,100,000**
- **Intergovernmental Revenues (State Funding): $497,247**
- **Ambulance Fees: $660,000** (increase of $10,000)
- **Building Fees: $725,000** (increase of $125,000)
- **Conveyance Fees: $300,000** (increase of $75,000)
- **Town Clerk Fees: $120,000** (increase of $20,000)
- **Transfer Station Fees: $280,000** (increase of $5,000)

Board of Finance proposal: Utilize $750,000 from unassigned fund balance to reduce tax impacts

Cost of Town Services to Taxpayers

Taxpayers receive a bill based on combined budget — budget shows cost to taxpayers for Town services
Average Residential Homeowner bill equates to $153 per month TOTAL for all Town Services in Proposed FY26/27*

Full budget book available online at ColchesterCT.Gov/Budget2026 for review

The Town of Colchester provides valuable services — from public works and public safety functions to human services like Cragin Library, Parks & Recreation, Senior Services, Youth & Social Services, and town administrative functions — at an affordable, reasonable rate

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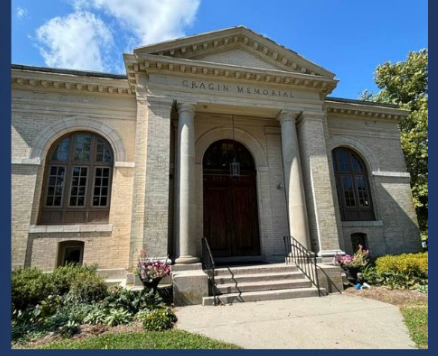
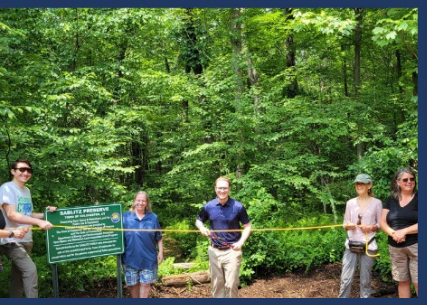
**Note: does not show use of unassigned fund balance - $750,000 will be used, further reducing mill rate*





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